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6 June 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM: Deputy Director of Central Intelligence

SUBJECT: Judgments and Policies

In response to your note about selecting some topics crucial to the judgments and policies required in the next two years, it seems to me that they fall into two categories: substantive problems along the lines of those you listed which I would regard as judgments, and problems of intelligence process, which I would characterize as policies.

Areas where I believe judgments are required that have significance for the remainder of the President's term would include the following:

- Prospects for low-intensity warfare through the end of the Administration (this includes both supporting and resisting insurgencies as appropriate, and terrorism). Apart from the strategic arms competition, issues relating to low-intensity warfare have dominated the Reagan foreign policy. The real question, it seems to me, is the degree to which it will dominate foreign policy for the remainder of the term and the impact of US failure or success in supporting/resisting insurgencies. Much depends upon the actions of the Congress, but it may be that judgments about what will happen in some of the existing low-intensity wars under different scenarios with or without US involvement should be an important element in the debate itself. Indeed, judgments about the centrality of low intensity warfare could help galvanize a more concerted effort inside the Administration to marshal support. Moreover, such assessments could contribute to longer range contingency planning. In addition, we need to address the prospects for terrorism, including whether we will see terrorism begin to wane somewhat in the wake of the attack on Libya and perhaps other actions that we have underway. Finally, we need to try to identify anti-Communist or anti-Western insurgencies aborning in other countries that could emerge in the latter days of this Administration.
- Soviet Internal Conditions. We have done some encyclopedic research work on Soviet internal problems from the economy to social and political conditions. article

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raises some important questions about popular morale in the Soviet Union. We have failed, however, to crystallize this work to address the really key question: how much difference does any of it make in terms of broader Soviet objectives? Does anyone really expect difficulties in the Soviet economy to keep them from devoting the resources necessary to their military forces or that, as in the past, they will periodically have technological breakthroughs (either indigenous or from theft) that will not only make them an enduring competitor but, should we again let down our own guard, provide them the opportunity to gain real superiority in important areas (as was the case in the 1970s)?

We expend a lot of resources on the Soviet economy and internal affairs, but I think we do an inadequate job of translating this into hardheaded judgments about what difference any of it makes in terms of our longer range interests. For example, at last Saturday's Soviet Seminar, the experts were unanimous that the cost of empire is not only relatively low for the Soviet Union, but quite sustainable and that any upturn in the economy would make significant additional resources available.

There are a lot of people on both ends of the political spectrum who believe that Soviet economic problems suggest that the race between us is nearly over. I believe that that is hogwash and that we have a prolonged struggle in front of us and the sooner Americans of every stripe accept that, perhaps we can make progress toward a sustainable level of growth in defense spending and sustained support for the long-term struggle in the Third World. But ironically, by failing to crystallize our judgments, we have probably given ammunition both to those who think the Soviet Union will have to make concessions in arms control and in other areas out of economic and domestic necessity and to those who believe we can force their collapse in the near future.

- The Soviet Union in a SALT-free environment. Other than some basic numbers on warheads, very little work has been done to understand or forecast what the Soviets might really do in a SALT-free environment. I think we are headed in that direction and it would be quite timely to assess the political and economic implications for the USSR of not being constrained by SALT, as well as the strategic implications. Beyond just the additional number of warheads they might deploy, what other steps might make strategic sense from their standpoint and might we expect? What would be the shape of their geopolitical strategy in a SALT-free environment?
- What if Modernization fails. All of the analysis of the experts in the West is that Gorbachav's program will fall well short of his objectives. What are the possible outcomes? If he

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accelerates the economy even to three or four percent GNP growth, will that be sufficient to meet the needs for investment, the military, and the consumer, even though not optimally? What if in a year or two the downward trend in Soviet economic performance continues? What are the implications of the failure to move toward achievement of the targets of the modernization program by the late 1980s? Will we see a new leader? What are the implications of an apparently inexorable downward pitch of Soviet economic performance? What are the implications for the strategic relationship with the United States?

-- Is there a way out for the many Third World economies in desperate trouble? What regions or parts of regions are likely to be economic disaster areas for as far ahead as we can see? What are the implications of continued economic problems of the sort that Nigeria and other Third World countries are experiencing with no near-term prospects? What are the economically salvagable countries in disadvantaged parts of the world? Is the problem fundamentally limited to Africa? Are all countries which are dependent upon commodity sales in trouble? What are the implications for US policy decisions of writing off most of Africa and perhaps individual other countries elsewhere in the world?

-- Europe's Turn to the Left. A final issue we should contemplate is that the President will lose the strong allies he has had in Britain and in Germany before the end of his term, facing the United States with uncooperative left-wing governments in two key countries where up to now he has had staunch supporters. The polls are certainly running in that direction, and I believe we need to assess the implication of left-wing governments taking power in Britain and West Germany, and what the implications of that would be for the US and the President's foreign policy.

It seems to me that items 1 and 3 in your memorandum are pieces of the same issue. One approach we might take in terms of how the Soviets see things would be to convene a special task force of extremely capable people who could tackle various elements of this and then someone to bring it all together. For example, for a review of how the Soviets see the strategic and broader military balance, you could bring together people like [redacted] of DIA, Rich Haver of Navy, Larry Gershwin and perhaps one or two others actually to draft a paper along these lines; in terms of struggle in the Third World, you could put together Fritz and a few others; and on the economic and political contest another team of two or three people. I would not put this "Red Side Assessment" into the regular community structure because I believe you would not get the caliber of people working on it that would make it useful or a succinct product -- to wit, note Poindexter's great enthusiasm for what he is hearing from the elite group he is gathering periodically on Saturday mornings in the White House. The task force I am suggesting would

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encompass most of those people, plus a few others. The result could then be a task force much like the [redacted] task forces with the report issued by you. It is just a thought.

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With respect to policy, there are several key issues where we have seen different cuts at the problem that have not had a more thorough analysis with action recommendations. These would include:

- The mobile missile problem. I have now heard several different proposals [redacted] and others on how to locate and track mobile missiles, both in terms of short term fixes and longer term solutions. We have a CIPC study and a variety of other studies and memos have been done. It strikes me that for both planning and budgeting purposes, we need to settle on some sort of an action plan on this question, and I am not sure that the existing structures will produce it because [redacted]

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[redacted] separate chains of command, as do the substantive specialists. We need to get some clear analysis on what our needs are for this information in the short term and what realistic options exist to get it -- as well as alternatives for longer term fixes.

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- Decisions on Collection Systems. We still need a better process that will help us evaluate the quality and effectiveness of collection systems. We still need a way to make intelligent choices among technical systems, especially since people are full of ideas for new ones.

- Survivability. We need to decide whether to continue playing

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[redacted]

much that might cost. In short, again, we need a plan. We need a discussion of the issue with concrete options and a sense of priority. We need to decide whether to work seriously at the survivability problem, or essentially to forget it because it is too expensive and probably would not be effective anyway.

Like your memo, these are just some thoughts to get us started. But I think there is enough meat here to get some things going.


Robert M. Gates